

Registered Number: 4521167

Annual Report and Financial Statements 2020

**Allianz Business Services Limited**

<b>Directors:</b>	H L Bryant R Corner (appointed 14.12.2020) E C Mallinson S C McGinn L Tetley (resigned 25.03.2020)
<b>Secretary:</b>	T A Beicken (resigned 10.09.2020) R C Jack-Kee (appointed 10.09.2020)
<b>Registered Office:</b>	57 Ladymead, Guildford, Surrey, GU1 1DB
<b>Registered No:</b>	4521167

## Strategic Report

The Directors present their Strategic Report for the year ended December 31, 2020.

### Principal activity

Allianz Business Services Limited ("the Company") is a Financial Conduct Authority regulated insurance intermediary, which operates mainly in the commercial insurance sector in the United Kingdom. The Company is a specialist distributor of insurance products to small and medium sized enterprises.

The Company has operated a combination of continuing business underwritten by Allianz Insurance plc ("Allianz") under the 'Premierline' brand and newer insurance broking activities underwritten by other insurers, including Allianz, under the 'Premierline Business Insurance Brokers' brand. The Company trades in the Home and Motor market under the 'Complete Insure' brand and has a Third Party Agreement with Allianz to act as an administrator for some of their Corporate Partners business which is in run-off.

### Business review

The impact of the Coronavirus disease ('COVID-19') is noted in Principal risks and uncertainties below.

The results for the year are set out in the Statement of Comprehensive Income on page 8. The profit for the year amounted to £35k (2019: £286k). The profit for the year arose from revenue earned from insurance broking activities after the deduction of administrative expenses.

### Key performance indicators

The financial key performance indicators monitored by the Company are profit before tax, net assets and revenue. The profit before tax for the year amounted to £43k (2019: £353k) and the revenue for the year was £6,959k, a decrease of 19.5% on the 2019 revenue of £8,647k. £1,021k reduction was due to the Corporate Partners business reducing as it moved to another provider. The core business meanwhile found it challenging to write new business at a level to offset renewal lapses whilst also maintaining profitability. The impact of the reduced revenue was only partly offset by the impact of management action to reduce expenses. At the year end, the Company had net assets of £3,111k (2019: £3,076k).

The Company also monitors Capital Adequacy. In 2020, the Capital Resources requirement was £170k (2019: £216k). The Company ended the year with a surplus of £2,949k (2019: £2,860k) over the requirement.

### Principal risks and uncertainties

The principal risks facing the Company are: (1) Conduct risk related to its regulated activity which is addressed by following the Group governance processes, (2) Dependency on Allianz as its primary source of business, which is being addressed by the development of its 'Premierline Business Insurance Brokers' insurance broking activities.

On March 11, 2020 the World Health Organisation confirmed that the outbreak of COVID-19 was a global pandemic. This was a new and significant source of uncertainty for the Company in 2020, which continues into 2021. Preventative actions such as restricting the public on non-essential travel, working from home, closure of businesses, postponing events and stopping public gatherings were taken by the UK government to varying degrees throughout 2020. Restriction measures have continued into 2021. This had an immediate impact on the domestic and global economies, and financial markets, creating uncertainty for people and businesses which has been felt throughout the course of the pandemic.

The Company is closely monitoring the situation as it continues to develop, to manage both operational and economic risk. There is close alignment and interaction to ensure the Company is operating in accordance with government advice and benefiting from the wider Allianz SE Group response.

Our values continue to drive our decision making as we work through this challenging time, with a focus on putting our people first and prioritising existing, and emerging, customer needs.

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

The Company is responding to the COVID-19 situation using well established business resilience and crisis management procedures. The key risks this crisis presents are both operational and financial. These risks are being actively monitored and managed on a daily basis. The operational risks from COVID-19 are largely being addressed by increasing homeworking capability and reducing non priority activity.

The impact of COVID-19 is continuing to evolve, but the impact on the Company has been and continues to be minor.

### Future outlook

No changes in the principal activity are anticipated in the foreseeable future. The uncertainties surrounding Brexit and the COVID-19 pandemic are noted. Following the balance sheet date, plans were announced to restructure the business and reduce head count. Further details are included in note 17.

### Brexit

The UK formally left the European Union ("EU") on January 31, 2020 and a trade deal was agreed on December 23, 2020, coming into effect from January 1, 2021. The deal is not expected to have a significant impact on the Company's performance in 2021.

### Going concern

The Directors, having undertaken an assessment, are confident in the Company's ability to continue as a going concern and to meet its financial obligations as they fall due. The business is well placed in managing the principal risks and uncertainties, has a strong financial, trading and capital position and is backed by one of the largest property and casualty insurers in the world.

### Section 172 (1) Companies Act 2006 Statement

This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors consider, both individually and collectively, they have acted in a way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

As a result of the governance structure of the Allianz Holdings plc Group ("the Group"), of which the Company is a part, some strategic decisions and stakeholders interests (such as employees, community and the environment), are considered on a Group-wide basis by the board of Allianz Holdings plc or its committees (the "Group Board") rather than at a subsidiary Board level. Group strategy and stakeholder considerations are also discussed at the Group Management Board, the principal executive committee. One of the Company's Directors, S C McGinn, is a member of the Management Board and ensures that Group-wide strategy and stakeholder considerations are communicated to the Company's Board.

As a wholly owned subsidiary of the Group and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company's Board must have regard to the overall strategy and direction of the Group, including the impact on broader stakeholders of the Group, when making decisions. Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business. The Company's key stakeholders are its shareholder, its customers, its regulator (the Financial Conduct Authority) and employees working on its business (who are employed by another entity within the Group). The Board also consider wider stakeholders such as the local communities in which it operates.

The Company's Board meets at least quarterly. Additional ad hoc meetings are held if required. The Board considers all decisions put to it from the perspective of the Company and has regard to the Company's stakeholders and their interests. The Directors also consider the long term consequences of decisions on the Company and the wider Group. During the year the Board met to approve the Financial Statements for the year ended December 31, 2019 and in approving them considered the interests of all of its stakeholders, in particular its shareholder. In addition, the Board regularly reviewed management information regarding commercial matters and strategy, compliance and financial matters. The Board also received updates regarding the impact of the COVID-19 pandemic on its operations, during which they discussed the impact on various stakeholders including customers and maintaining services to them. The Board also considered the long term consequences of the COVID-19 pandemic on the Company.

By order of the Board

S C McGinn  
Director  
September 6, 2021



## Directors' Report

The Directors present their report and the audited financial statements for the year ended December 31, 2020.

### Directors

The Directors of the Company who were in office during the financial year are shown on page 1.

Following the year end, R C Jack-Kee resigned as Company Secretary on February 1, 2021 and C M Twemlow was appointed as Company Secretary on February 1, 2021.

### Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 8. A review of the Company's business activities and any likely future developments can be found in the Strategic Report.

No interim dividend was paid for the year ended December 31, 2020 (2019: £nil). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2020 (2019: £nil).

### Future outlook

The future outlook for the Company is outlined in the Strategic Report on page 2.

### Going concern

The Directors going concern assessment has been outlined in the Strategic report on page 2.

### Directors' responsibility to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been re-appointed as auditors at the end of 28 days beginning with the day on which copies of these report and financial statements are sent to Members.

By order of the Board



C M Twemlow

Secretary

Company Number: 4521167

September 6, 2021

## Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

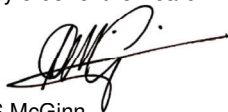
- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



S McGinn  
Director  
September 6, 2021

# Independent auditors' report to the members of Allianz Business Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Allianz Business Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of comprehensive income, the statement of cash flows, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover

the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those established by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries which may impact the financial performance and position of the company, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- enquiry of management around actual and potential litigation and claims;
- enquiry of management to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reading correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable law and regulations;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Zahid Khan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
7 September 2021



## Statement of Comprehensive Income

For the year ended December 31, 2020

		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>
Revenue	3	6,959	8,647
Administrative expenses		<u>(6,916)</u>	<u>(8,294)</u>
<b>Profit before tax</b>		43	353
Income tax expense	6(a)	<u>(8)</u>	<u>(67)</u>
<b>Profit for the year attributable to the equity holders</b>		<u><u>35</u></u>	<u><u>286</u></u>

There has been no other comprehensive income in the year ended December 31, 2020 (2019: £nil).

## Statement of Changes in Equity

For the year ended December 31, 2020

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained losses £'000</i>	<i>Total £'000</i>
<b>Balance as at January 1, 2019</b>	6,125	1,512	(4,847)	2,790
Profit for the year	-	-	286	286
<b>Balance as at December 31, 2019</b>	<u>6,125</u>	<u>1,512</u>	<u>(4,561)</u>	<u>3,076</u>
Profit for the year	-	-	35	35
<b>Balance as at December 31, 2020</b>	<u><u>6,125</u></u>	<u><u>1,512</u></u>	<u><u>(4,526)</u></u>	<u><u>3,111</u></u>

The accounting policies and notes on pages 11 to 17 are an integral part of these financial statements.

**Balance Sheet**

As at December 31, 2020

	<i>Note</i>	<i>2020</i> £'000	<i>2019</i> £'000
<b>Assets</b>			
Trade and other receivables	9	5,490	6,889
Cash and cash equivalents	10	702	1,957
<b>Total assets</b>		<u>6,192</u>	<u>8,846</u>
<b>Equity and Liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	11	6,125	6,125
Share premium		1,512	1,512
Retained losses		(4,526)	(4,561)
<b>Total Equity</b>		<u>3,111</u>	<u>3,076</u>
<b>Liabilities</b>			
Trade and other payables	12	2,999	5,631
Current tax liabilities	6(c)	8	67
Accruals and deferred income	13	74	72
<b>Total liabilities</b>		<u>3,081</u>	<u>5,770</u>
<b>Total equity and liabilities</b>		<u>6,192</u>	<u>8,846</u>

The accounting policies and notes on pages 11 to 17 are an integral part of these financial statements.

These financial statements on pages 8 to 17 were approved by the Board of Directors on September 6, 2021 and signed on its behalf by:



S McGinn  
Director

## Statement of Cash Flows

For the year ended December 31, 2020

	<i>Note</i>	<i>2020</i> £'000	<i>2019</i> £'000
<b>Cash flows from operating activities</b>			
Profit before tax		43	353
Decrease in trade and other receivables	9	1,399	55,946
Decrease in trade and other payables	12	(2,632)	(56,406)
Increase/(decrease) in accruals and deferred income		2	(69)
Income taxes paid	6(b)	(67)	(242)
<b>Net cash flow from operating activities</b>		<u>(1,255)</u>	<u>(418)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(1,255)</u>	<u>(418)</u>
Cash and cash equivalents at the beginning of the year		<u>1,957</u>	<u>2,375</u>
<b>Cash and cash equivalents at the year end</b>		<u><u>702</u></u>	<u><u>1,957</u></u>

The accounting policies and notes on pages 11 to 17 are an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended December 31, 2020

## 1. ACCOUNTING POLICIES

### 1.1. Company and its operations

Allianz Business Services Limited ("the Company") is a private limited company incorporated and domiciled in England and Wales.

### 1.2. Statement of compliance

The financial statements of the Company have been prepared and approved by the Directors in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

### 1.3. Basis of preparation

The financial statements have been prepared on the historical cost basis. The functional and presentational currency is British Pounds.

### Going concern

These financial statements are prepared on a going concern basis. For more information on the going concern assessment please refer to Going Concern within the Strategic Report on page 2.

### UK-adopted international accounting standards

On December 31, 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board ("UKEB").

### New standards and interpretations adopted by the Company

There are no new standards and interpretations that are mandatorily effective from January 1, 2020.

### 1.4 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out in the following paragraphs.

#### (a) Income taxes

Income tax on the profit or loss for the year comprises current tax. Income tax is recognised in the Statement of Comprehensive Income. Current tax shall be recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the Balance Sheet date, together with adjustments to tax payable in respect of prior years.

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment had been made to the relevant tax authorities.

#### (b) Trade and other receivables

Trade and other receivables are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Trade and other receivables shall be derecognised when the contractual right to receive cash flows expires or when the asset is transferred.

An expected credit loss ("ECL") provision is assessed as at the Balance Sheet date and the carrying amount of the receivables balance is reported after deduction of any ECL. The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default ("PD"), an appropriate loss given default ("LGD") and the number of days to maturity as a fraction of a year ("tenor").

#### (c) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less at the date of placement, free of any encumbrances.

An ECL provision is assessed as at the Balance Sheet date and the carrying amount of the cash and cash equivalents balance is reported after deduction of any ECL. The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the cash and cash equivalents multiplied by a 1 year PD, an appropriate LGD and tenor.

## Notes to the Financial Statements

For the year ended December 31, 2020

### 1. ACCOUNTING POLICIES (continued)

#### 1.4 Summary of significant accounting policies (continued)

##### **(d) Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognised and subsequently measured at cost because they are expected to be settled within twelve months and their carrying value is a reasonable approximation of fair value.

##### **(e) Revenue recognition**

Revenue is in respect of the distribution of insurance products to small and medium sized enterprises. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised when the performance obligation has been satisfied. The Company has four performance obligations within its revenue streams;

- Introduction of insurance business and processing renewals - the transaction price has been allocated to this obligation based on the average amount of time taken to introduce new business and process a renewal. This obligation is fully satisfied upon the introduction or renewal of insurance products and as such the revenue is recognised fully on the inception date of the underlying policy.
- Processing mid-term adjustments - the transaction price has been allocated to this obligation based on the average amount of time taken to process a mid-term adjustment. The Company believes that although the obligation is satisfied at a single point in time, an appropriate proxy is to consider the obligation, for a portfolio of policies, to be satisfied evenly over the coverage period of the insurance policy. As such the revenue is recognised on a straight-line basis over the coverage period.
- Administration fixed fee charged for mid-term adjustments - the transaction price has been allocated to this obligation based on a fixed fee rate per mid-term adjustment as outlined in the Company's terms and conditions. This obligation is fully satisfied upon adjusting the policy and as such the revenue is recognised immediately.
- Provision of employment related services - the transaction price has been allocated to this obligation based on the total revenue received for performing the service. This obligation is fully satisfied upon performing the service and as such the revenue is recognised immediately.

##### **(f) Administrative Expenses**

Administrative expenses incurred during the financial period are recognised as they are incurred.

##### **(g) Contract liability**

Contract liability is stated at cost. The contract liability recognised is the amount of revenue allocated to the performance obligations that fall after the Balance Sheet date. Contract liability is recognised as revenue as (or when) the Company performs under the contract.

### 2. USE OF CRITICAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company does not consider any particular accounting policy or estimate to be susceptible to significant changes in estimates and assumptions.

### 3. REVENUE

- (a) The Company derives revenue through the distribution of insurance products to small and medium size enterprises categorised in the following performance obligations;

	2020	2019
	£'000	£'000
Introduction and renewal of insurance business	6,593	8,302
Processing mid-term adjustments	341	345
Administration fixed fee charged for mid-term adjustments	24	-
Provision of employment related services	1	-
Total	<u>6,959</u>	<u>8,647</u>

## Notes to the Financial Statements

For the year ended December 31, 2020

### 3. REVENUE (continued)

(b) The Company has recognised the following liabilities related to contract with customers:

	2020	2019
	£'000	£'000
Introduction and renewal of insurance business	63	65
Processing mid-term adjustments	10	-
Total	<u>73</u>	<u>65</u>

### 4. EMPLOYEE RELATED COSTS

The Company has no employees and as such incurs no employee related costs.

### 5. AUDITORS' REMUNERATION

The total remuneration payable by the company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. The Company's audit fees are borne by Allianz Management Services Limited ("AMS"). Other services supplied pursuant to legislation were £nil (2019: £nil).

	2020	2019
	£'000	£'000
Fees payable for the audit of the Company's financial statements	<u>5</u>	<u>5</u>

### 6. INCOME TAX

#### (a) Income tax recognised in profit or loss

	2020	2019
	£'000	£'000
<b>Current tax:</b>		
In respect of the current year	<u>8</u>	<u>67</u>
Total income tax expense recognised in the current year	<u><u>8</u></u>	<u><u>67</u></u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2020	2019
	£'000	£'000
Profit before tax	43	353
Income tax expense calculated at 19% (2019: 19%)	<u>8</u>	<u>67</u>
Income tax expense recognised in profit or loss	<u><u>8</u></u>	<u><u>67</u></u>

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax will be 19% for 2021.

#### (b) Tax paid for cash flow purposes

	2020	2019
	£'000	£'000
<b>Current tax payable at January 1</b>	67	242
Amounts charged to the Statement of Comprehensive Income	8	67
Tax paid during the year	<u>(67)</u>	<u>(242)</u>
<b>Current tax payable at December 31</b>	<u><u>8</u></u>	<u><u>67</u></u>

## Notes to the Financial Statements

For the year ended December 31, 2020

### 6. INCOME TAX (continued)

<i>(c) Current tax liabilities</i>	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Current tax liabilities	8	67

### 7. DIRECTORS' EMOLUMENTS

Four Directors were remunerated for their roles as Directors of the Company during the year (2019: three). Details of their remuneration have been set out below;

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Emoluments	447	397
<b>The amounts paid in respect of the highest paid Director are as follows:</b>		
Emoluments	226	168
Company pension contributions to defined contribution schemes*	40	41
Number of Directors accruing benefits under defined contribution scheme	4	3

\*of which £25k (2019: £18k) was attributable to the highest paid Director.

The aggregate amount of compensation paid to past Directors in respect of loss of office included in the emoluments for 2020 is £25k (2019: £nil).

S McGinn was not directly remunerated for their role as a Director of the Company as the amount of time spent performing their duties was incidental to their role as key management personnel of the Allianz Holdings plc Group.

### 8. DIVIDENDS

No interim dividend was paid for the year ended December 31, 2020 (2019: £nil). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2020 (2019: £nil).

### 9. TRADE AND OTHER RECEIVABLES

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Trade receivables	4,909	6,441
Amounts receivable from related party	242	-
Other receivables	339	448
	<u>5,490</u>	<u>6,889</u>

Trade and other receivables approximate to fair value. All of the Company trade and other receivables are due within 12 months of the Balance Sheet date.

The Company has concluded that the ECL model has made no significant impact on the valuation of receivables reported in the financial statements.

## Notes to the Financial Statements

For the year ended December 31, 2020

### 10. CASH AND CASH EQUIVALENTS

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Cash and cash equivalents	<u>702</u>	<u>1,957</u>

The company has concluded that the ECL model has made no significant impact on the valuation of cash and cash equivalents reported in the financial statements.

### 11. EQUITY

#### Share capital

	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	<u>6,124,640</u>	<u>6,124,640</u>

#### Share premium

	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Share premium classified as fully paid	<u>1,512,087</u>	<u>1,512,087</u>

### 12. TRADE AND OTHER PAYABLES

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Amounts payable to related party	2,169	4,631
Other payables	<u>830</u>	<u>1,000</u>
	<u>2,999</u>	<u>5,631</u>

Trade and other payables approximate to fair value. All of the balances are payable within 12 months of the Balance Sheet date.

### 13. ACCRUALS AND DEFERRED INCOME

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Contract liability	73	65
Accruals and deferred income	<u>1</u>	<u>7</u>
	<u>74</u>	<u>72</u>



## Notes to the Financial Statements

For the year ended December 31, 2020

### 14. RISK MANAGEMENT POLICIES

#### Capital management

The Company's capital risk is determined with reference to the requirements of the Allianz Holdings plc Group. In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the payment of dividends and the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At December 31, 2020 the Company had £3,111k (2019: £3,076k) of total capital employed. The Company is a specialist distributor of insurance products to small and medium sized enterprises based in the United Kingdom. Its operations are primarily based in the United Kingdom hence any risk exposure is almost entirely confined within the United Kingdom.

The Company also monitors Capital Adequacy. In 2020, the Capital Resources requirement was £170k (2019: £216k). The Company ended the year with a surplus of £2,949K (2019: £2,860k) over the requirement.

#### Financial Risk

The key financial risk is that proceeds from the realisation of assets are insufficient to meet obligations as they fall due. The most important aspects of financial risk comprise market risk, credit risk and liquidity risk.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the value of the Company's assets and income. The Company is not directly exposed to market risk.

#### Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when they fall due. The Company is exposed to credit risk through its cash and cash equivalents and trade and other receivables. The trade receivables are a combination of premiums due to insurers and commission due to the Company. Despite the trade and other receivables being unrated, the Company is only exposed to credit risk on the commission element and as such, the Company deems the associated risk to be immaterial. The Company also has amounts due from related parties, these are due from a fellow Allianz SE Group subsidiary and as such are A rated. The cash and cash equivalents are held with a financial institution with an AA- credit rating.

#### Liquidity risk

Liquidity risk is the risk that funds may not be available to settle obligations when they fall due. Liquidity risk for the Company is mitigated as the Company has sufficient liquid assets to meet its accruals and deferred income, tax payable and trade and other payables.

### 15. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Allianz Holdings plc, a company registered in England and Wales.

The ultimate parent undertaking, Allianz Societas Europaea ("Allianz SE"), is incorporated in Germany and is the parent of the largest group of undertakings for which Allianz SE group financial statements are drawn up and of which the Company is a member.

Copies of the Allianz SE Group financial statements are available on request from Allianz SE, Königinstrasse 28, 80802 München, Germany.

## Notes to the Financial Statements

For the year ended December 31, 2020

### 16. RELATED PARTY TRANSACTIONS

The Company enters into transactions with fellow group undertakings and key management personnel in the normal course of business. Details of transactions carried out during the year with related parties are as follows:

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Commission from related party	3,264	4,803
Administrative service fees	<u>6,834</u>	<u>7,753</u>

The administrative service fees disclosed above are expenses recharged from AMS.

Year-end balances arising from transactions carried out with related parties are as follows:

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
<b>Due to related parties at December 31</b>		
Other related parties	<u>2,169</u>	<u>4,631</u>

	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
<b>Due from related parties at December 31</b>		
Other related parties	<u>242</u>	<u>-</u>

The Company considers its key management personnel to be the Directors only. Further information is disclosed in Note 7.

### 17. SUBSEQUENT EVENTS

Following the balance sheet date, plans were announced to restructure the business and reduce head count. The costs associated with this restructuring are estimated to be around £300k.